

**OSKALOOSA COMMUNITY SCHOOL DISTRICT**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2015**



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Oskaloosa Community School District  
Board of Education and School District Officials  
Year ended June 30, 2015

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Carl Drost	President	2017
Tom Richardson	Vice President	2017
Neal Hadden	Board Member	2015
Shawn Moyer	Board Member	2015
Nik Rule	Board Member	2015
Kraig Van Hulzen	Board Member	2015
Shelly Herr	Board Member	2017
<b>School District Officials</b>		
Russell Reiter	Superintendent	2015
Chad Vink	District Secretary/Treasurer	2015
Greg Life	Attorney	Indefinite
James Hanks	Attorney	Indefinite



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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

## **Independent Auditor's Report**

To the Board of Education  
Oskaloosa Community School District  
Oskaloosa, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District as of June 30, 2015, and the respective changes in financial position and where applicable cash flows, thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Emphasis of Matter

As discussed in Note 13 to the financial statements, Oskaloosa Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 13 and 42 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oskaloosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the Oskaloosa Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oskaloosa Community School District's internal control over financial reporting and compliance.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

December 23, 2015

This section of the Oskaloosa Community School District's comprehensive annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. This analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Oskaloosa Community School District implemented new reporting standards for the 2003 fiscal year that involved significant changes in content and structure of the reports. Because of this change, the current reports can be more easily compared to the prior years.

### **FINANCIAL HIGHLIGHTS**

The District has now fully completed all of the major construction, renovation, and repair projects planned for the period from 2000-2007. To finance these projects, the District issued capital loan notes in the amount of \$2,530,000 in 2002-2003, Local Option Sales and Services Tax Revenue Bonds totaling \$5,760,000 in 2002-2003, Local Option Sales Tax Bonds in the amount of \$13,140,000 in 2003-2004, and Local Option Sales Tax Bonds in the amount of \$1,910,000 in 2005. Bonds associated with the School Infrastructure Local Option Sales Tax were refinanced in 2008 and retired in 2012. The bonds associated with the Local Option Sales and Services Tax for the City of Oskaloosa and Mahaska County were refinanced in 2011 and, as provided by an agreement among the parties, are scheduled to mature in 2017. The facts of the District's long-term debt are detailed in the Notes to Financial Statements. Revenues in excess of the projected requirements and the statutory change from School Infrastructure Local Option Sales Taxes to a statewide Secure an Advance Vision for Education Fund sales tax have made repayments on all bonds predictable.

General Fund revenues increased from \$24,066,394 in fiscal year 2014 to \$24,799,982 in 2015, while General Fund expenditures also increased from \$24,277,846 in 2014 to \$25,110,791 in fiscal year 2015. This resulted in a change in the District's General Fund fund balance from \$1,551,484 in fiscal year 2014 to \$1,458,945 in 2015, a decrease of \$92,539.

The increase in revenues occurred due to increasing enrollment and funding per pupil that is the basis of State Aid receipts. The increase in expenditures was attributable to personnel adjustments due to the increasing enrollment, as well as investments in certain curricular materials for our primary grades.

Interest income on investments for the General Fund for the last five fiscal years has been as follows: 2011 – \$13,327; 2012 – \$14,213; 2013 – \$9,196; 2014 - \$7,706; and 2015 - \$7,763.

## OVERVIEW OF FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District by reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about activities the District operates like businesses, such as School Nutrition.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual financial report are arranged and relate to one another.

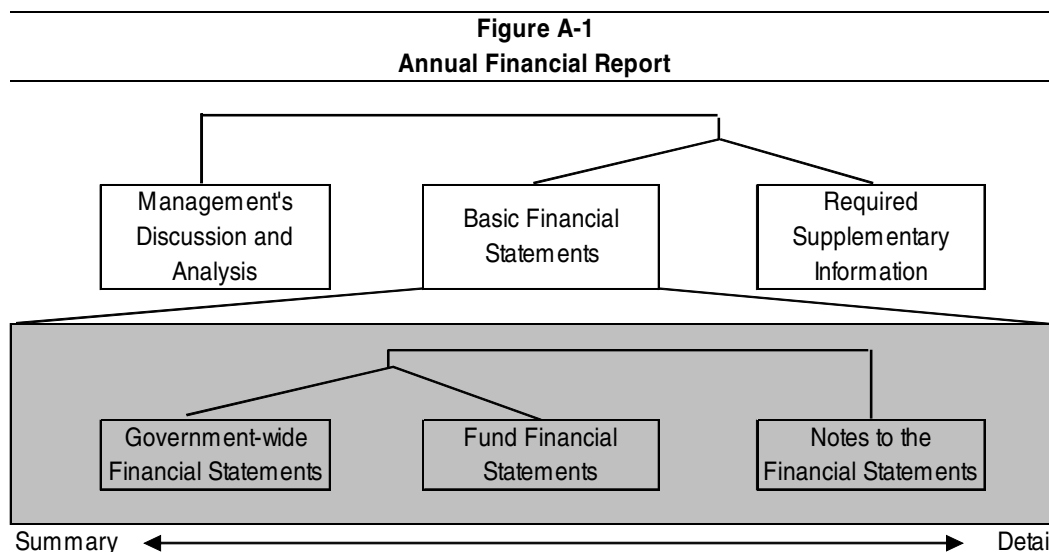




Figure A-2 summarizes the major features of the Government-wide and Fund Financial Statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

<b>Figure A-2</b>				
<b>Major Features of the District-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services and student construction	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net financial position and how it has changed. Net position is one way to measure the District's financial health.

Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, respectively.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

*Governmental Activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State Aid finance most of these activities.

*Business Type Activities:* The District charges fees to help cover the costs of certain services it provides. The District's nutrition program would be included here.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices that districts use to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

**Governmental Funds.** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

**Proprietary Funds.** Services for which the District charges a fee are generally reported in proprietary funds. These funds are reported in the same way as the government-wide statements.

The Nutrition Fund and Student Construction Fund are the only proprietary funds that the District maintains.

**Fiduciary Funds.** The District is the trustee or fiduciary for the assets that belong to others such as scholarship funds.

The District currently holds one fiduciary fund, it is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

	Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)						
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014 (Not restated)		2014 (Not restated)		2014 (Not restated)		
	2015		2015		2015		2014-2015
Current and other assets	\$ 19,151	17,828	19	60	19,170	17,888	7.2%
Capital assets	26,676	27,200	123	127	26,799	27,327	-1.9%
Total assets	45,827	45,028	142	187	45,969	45,215	1.7%
Deferred outflows of resources	1,783	-	43	-	1,826	-	-
Long-term liabilities	10,274	3,310	233	29	10,507	3,339	214.7%
Other liabilities	4,089	3,572	292	249	4,381	3,821	14.7%
Total liabilities	14,363	6,882	525	278	14,888	7,160	107.9%
Deferred inflows of resources	12,542	9,086	77	-	12,619	9,086	0.38883997
Net position:							
Invested in capital assets, net of related debt	25,231	24,431	123	127	25,354	24,558	3.2%
Restricted	4,599	4,019	-	-	4,599	4,019	14.4%
Unrestricted	(9,125)	610	(540)	(218)	(9,665)	392	-2565.6%
Total net position	\$ 20,705	29,060	(417)	(91)	20,288	28,969	-30.0%

**Oskaloosa Community School District  
Management's Discussion and Analysis  
Year ended June 30, 2015**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$10,358,654 and \$250,808, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

<b>Figure A-4</b>								
<b>Changes in Net Position</b>								
<b>(Expressed in Thousands)</b>								
	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Total District</b>		<b>Total Change</b>	
	<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>Year ended June 30,</b>		<b>June 30,</b>	
	<b>2014</b>		<b>2014</b>		<b>2014</b>			
	<b>(Not</b>		<b>(Not</b>		<b>(Not</b>			
	<b>restated)</b>		<b>restated)</b>		<b>restated)</b>		<b>2014-2015</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>		
Revenues:								
Program revenues:								
Charges for service	\$ 1,108	1,188	598	673	1,706	1,861	-8.3%	
Operating grants, contributions and restricted interest	4,297	4,002	741	741	5,038	4,743	6.2%	
General revenues:								
Property tax	9,220	9,081	-	-	9,220	9,081	1.5%	
Statewide sales, services and use tax	2,421	2,130	-	-	2,421	2,130	13.7%	
Unrestricted state grants	11,867	11,324	-	-	11,867	11,324	4.8%	
Unrestricted investment earnings	15	16	-	-	15	16	-6.3%	
Other	603	408	5	-	608	408	49.0%	
Total revenues	29,531	28,149	1,344	1,414	30,875	29,563	4.4%	
Program expenses:								
Governmental activities:								
Instruction	17,209	16,930	144	146	17,353	17,076	1.6%	
Support services	7,808	8,012	1	25	7,809	8,037	-2.8%	
Non-instructional programs	5	-	1,274	1,232	1,279	1,232	3.8%	
Other expenses	2,506	2,425	-	-	2,506	2,425	3.3%	
Total expenses	27,528	27,367	1,419	1,403	28,947	28,770	0.6%	
Change in net position	2,003	782	(75)	11	1,928	793	143.1%	
Net position beginning of year, as restated	18,702	28,278	(342)	(102)	18,360	28,176	-34.8%	
Net position end of year	\$ 20,705	29,060	(417)	(91)	20,288	28,969	-30.0%	

## Governmental Activities

The revenues and other financing sources for governmental activities were \$29,531,105 and expenses were \$27,527,584.

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

<b>Figure A-5</b>						
<b>Total and Net Cost of Governmental Activities</b>						
<b>(Expressed in Thousands)</b>						
	<b>Total Cost of Services</b>		<b>Change</b>	<b>Net Cost of Services</b>		<b>Change</b>
	<b>2014</b>			<b>2014</b>		
	<b>(Not</b>			<b>(Not</b>		
	<b>2015</b>	<b>restated)</b>	<b>2014-2015</b>	<b>2015</b>	<b>restated)</b>	<b>2014-2015</b>
Instruction	\$ 17,209	16,930	1.6%	12,847	12,710	1.1%
Support services	7,808	8,012	-2.5%	7,769	7,986	-2.7%
Non-instructional	5	-	-	5	-	-
Other expenses	2,506	2,425	3.3%	1,501	1,481	1.4%
<b>Totals</b>	<b>\$ 27,528</b>	<b>27,367</b>	<b>0.6%</b>	<b>22,122</b>	<b>22,177</b>	<b>-0.2%</b>

- Federal and state governments subsidized certain programs with grants and contributions totaling \$4,297,266.
- The net cost of governmental activities was financed with \$9,219,770 in local property tax, \$2,420,891 in statewide sales, services, and use taxes, \$11,867,106 in unrestricted state grants, and \$14,445 on investment earnings.
- The revenues for the District's governmental activities increased due to higher State Aid and property tax levy receipts as a result of increasing enrollment and per pupil funding from the State. The enrollment increase caused an increase in expenditures due to personnel adjustments as well as investments in certain curricular materials for our primary grades. The financial strength of the District is stable, with budget-balancing actions causing a 4.9% General Fund solvency ratio.

## Business Type Activities

Revenues of the District's business type activities were \$1,344,603 and expenses were \$1,420,583. Revenues included \$597,961 in charges for services, \$741,383 in state and federal grants, and \$5,259 in contributions and interest on investments. The School Nutrition Fund comprises the primary business-type activity for the District.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the Oskaloosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's Governmental Fund balances increased a total of \$521,053 over the previous fiscal year. The individual fund balance changes were as follows:

	<b>Beginning</b>	<b>Increase</b>	<b>Ending</b>
	<b>Balance</b>	<b>(Decrease)</b>	<b>Balance</b>
General Fund	\$ 1,551,484	(92,539)	1,458,945
Capital Projects	2,638,205	317,832	2,956,037
Non-major Funds	1,009,729	295,760	1,305,489

The total receipts for governmental funds were greater than disbursements due to lower bond payments. Budgeted revenues were both less and more than actual revenues due to changes in funding and related expenditures during the fiscal year that was not anticipated at the time of budget certification.

In accordance with the Code of Iowa, the Board of Directors annually adopts a budget following the required public notice and hearing for all funds. This is referred to as the Certified Budget. It may be amended during the year using similar statutorily prescribed procedures. During the 2015 fiscal year, the District amended expenditures in the Instruction category.

### CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the 2015 fiscal year, the District had invested in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment.

Figure A-6 shows total investment in capital assets net of accumulated depreciation.

Figure A-6 Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 65	65	-	-	65	65	0.0%
Buildings	24,320	25,269	-	-	24,320	25,269	-3.8%
Improvements other than buildings	1,180	961	-	-	1,180	961	22.8%
Furniture and equipment	1,111	905	123	127	1,234	1,032	19.6%
Totals	\$ 26,676	27,200	123	127	26,799	27,327	-1.9%

### Long-Term Debt

Figure A-7 outlines the composition of the total long-term debt amount of \$10,274,510 for the District as of June 30, 2015.

During fiscal year 2002, the District's voters approved the issuance of local option sales and services tax revenue bonds not to exceed \$20,000,000.

Figure A-7 Outstanding Long-Term Obligations (Expressed in Thousands)			
	Governmental Activities		Change
	June 30,		June 30,
	2015	2014 (Not restated)	2014-2015
Revenue bonds payable	\$ 1,420	2,445	-41.9%
Unamortized bond premium	7	12	0.0%
Lease purchase agreement	18	311	-94.2%
Early retirement	79	173	-54.3%
Compensated absences	44	47	-6.4%
Net pension liability	8,351	-	-
Other post employment benefits	355	322	10.2%
Totals	\$ 10,274	3,310	210.4%

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

Substantial parts of General Fund revenues are determined by the Aid and Levy Worksheet that utilizes the District's Certified Enrollment to establish the Combined District Cost. The Certified Enrollment determined in October of 2015 indicated that funding related to enrollment would decrease. The District's Administration will continue to monitor student enrollment as it relates to the state and federal funding generated, and will reduce expenditures if enrollment results in lower revenues.

Beginning in fiscal year 2015, the District is required to include the net pension liability for their employees enrolled in the Iowa Public Employees Retirement System (IPERS). While District employees receive benefits during retirement from the defined benefit plan, the District has no control over the funding or assets of IPERS. Accordingly, the liability is beyond the legal capacity of the District to fund or reduce, as solely the Iowa Legislature controls IPERS.

A substantial part of General Fund expenditures are wages and benefits. A majority of the district's employees are covered by State-mandated collective bargaining agreements. The final step in the negotiation process is binding arbitration. If the negotiation process progresses to this level, the outcome may produce wages and benefits in excess of available funding. If this happens, the Board of Directors will be forced to reduce the expenditure budget with cuts in staff.

### **CONTACTS**

For information regarding this report, contact Chad M. Vink, School Business Official, Oskaloosa Community School District, 1800 North 3<sup>rd</sup> Street, Oskaloosa, Iowa 52757; Telephone 641-673-8345.

## **Basic Financial Statements**



**Oskaloosa Community School District**  
**Statement of Net Position**  
**June 30, 2015**

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 8,397,304	-	8,397,304
Receivables:			
Property tax:			
Delinquent	72,024	-	72,024
Succeeding year	9,229,824	-	9,229,824
Income surtax	126,909	-	126,909
Accounts	30,521	139	30,660
Due from other funds	142,636	-	142,636
Due from other governments	1,151,465	-	1,151,465
Inventories	-	18,884	18,884
Capital assets, net of accumulated depreciation	26,676,015	122,880	26,798,895
<b>Total assets</b>	<b>45,826,698</b>	<b>141,903</b>	<b>45,968,601</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,783,429	43,181	1,826,610
<b>Liabilities</b>			
Accounts payable	1,010,220	3,840	1,014,060
Excess warrants issued over bank balance	-	54,162	54,162
Salaries and benefits payable	3,063,259	91,187	3,154,446
Due to other funds	-	142,636	142,636
Accrued interest payable	15,513	-	15,513
Long-term liabilities:			
Portion due within one year:			
Obligations under capital lease	16,691	-	16,691
Revenue bonds	1,060,000	-	1,060,000
Early retirement	40,157	-	40,157
Compensated absences	43,603	-	43,603
Portion due after one year:			
Obligations under capital lease	1,391	-	1,391
Revenue bonds	367,322	-	367,322
Early retirement	39,367	-	39,367
Net pension liability	8,350,800	202,193	8,552,993
Net OPEB liability	355,179	31,572	386,751
<b>Total liabilities</b>	<b>14,363,502</b>	<b>525,590</b>	<b>14,889,092</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	9,229,824	-	9,229,824
Unavailable income surtax revenue	126,909	-	126,909
Pension related deferred inflows	3,184,754	77,111	3,261,865
<b>Total deferred inflows of resources</b>	<b>12,541,487</b>	<b>77,111</b>	<b>12,618,598</b>
<b>Net Position</b>			
Net investment in capital assets	25,230,611	122,880	25,353,491
Restricted for:			
Categorical funding	337,852	-	337,852
Debt service	524,000	-	524,000
Management levy purposes	1,029,645	-	1,029,645
Student activities	275,844	-	275,844
School infrastructure	2,133,932	-	2,133,932
Physical plant and equipment	298,105	-	298,105
Unrestricted	(9,124,851)	(540,497)	(9,665,348)
<b>Total net position</b>	<b>\$ 20,705,138</b>	<b>(417,617)</b>	<b>20,287,521</b>

See notes to financial statements.

**Oskaloosa Community School District**  
**Statement of Activities**  
**Year ended June 30, 2015**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business type Activities	Total
<b>Functions/Programs</b>							
Governmental activities:							
Instruction:							
Regular	\$	10,414,787	415,394	2,398,622	(7,600,771)	-	(7,600,771)
Special		3,532,431	157,475	817,957	(2,556,999)	-	(2,556,999)
Other		3,261,827	532,427	40,277	(2,689,123)	-	(2,689,123)
		17,209,045	1,105,296	3,256,856	(12,846,893)	-	(12,846,893)
Support Services:							
Student		1,060,858	-	-	(1,060,858)	-	(1,060,858)
Instructional staff		1,034,367	-	-	(1,034,367)	-	(1,034,367)
Administration		2,173,464	-	-	(2,173,464)	-	(2,173,464)
Operation and maintenance of plant		2,402,134	-	-	(2,402,134)	-	(2,402,134)
Transportation		1,137,010	2,939	35,525	(1,098,546)	-	(1,098,546)
		7,807,833	2,939	35,525	(7,769,369)	-	(7,769,369)
Non-instructional programs		5,005	-	-	(5,005)	-	(5,005)
Other expenditures:							
Facilities acquisition		350,083	-	-	(350,083)	-	(350,083)
Long-term debt interest		25,401	-	-	(25,401)	-	(25,401)
AEA flowthrough		1,004,885	-	1,004,885	-	-	-
Depreciation (unallocated)*		1,125,332	-	-	(1,125,332)	-	(1,125,332)
		2,505,701	-	1,004,885	(1,500,816)	-	(1,500,816)
Total governmental activities		27,527,584	1,108,235	4,297,266	(22,122,083)	-	(22,122,083)
Business type activities:							
Instructional programs:							
Student construction operations		144,287	162,809	-	-	18,522	18,522
Support services:							
Student construction operations		1,500	-	-	-	(1,500)	(1,500)
Non-instructional programs:							
Food service operations		1,274,796	435,152	741,383	-	(98,261)	(98,261)
Total business type activities		1,420,583	597,961	741,383	-	(81,239)	(81,239)
Total primary government	\$	28,948,167	1,706,196	5,038,649	(22,122,083)	(81,239)	(22,203,322)

**Oskaloosa Community School District**  
**Statement of Activities**  
**Year ended June 30, 2015**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Operating Grants, Contributions and			
Expenses	Charges for Service	Restricted Interest	Governmental Activities	Business type Activities	Total
General Revenues:					
Property tax levied for:					
General purposes			8,614,391	-	8,614,391
Capital outlay			605,379	-	605,379
Statewide sales, services and use tax			2,420,891	-	2,420,891
Unrestricted state grants			11,867,106	-	11,867,106
Unrestricted investment earnings			14,445	47	14,492
Other			318,213	-	318,213
Contributions not restricted to specific programs			46,942	5,212	52,154
Gain on sale of assets			238,237	-	238,237
Total general revenues			24,125,604	5,259	24,130,863
Change in net position			2,003,521	(75,980)	1,927,541
Net position beginning of year, as restated			18,701,617	(341,637)	18,359,980
Net position end of year			\$ 20,705,138	(417,617)	20,287,521

\* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

**Oskaloosa Community School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General	Capital Projects	Debt Service	Non-major Governmental	Total
<b>Assets</b>					
Cash and pooled investments:					
Other	\$ 3,753,368	3,297,792	-	1,346,144	8,397,304
Receivables:					
Property tax:					
Delinquent	60,006	4,792	-	7,226	72,024
Succeeding year	8,091,687	603,137	-	535,000	9,229,824
Income surtax	126,909	-	-	-	126,909
Accounts	30,521	-	-	-	30,521
Due from other funds	689,247	-	-	-	689,247
Due from other governments	669,782	481,683	-	-	1,151,465
<b>Total assets</b>	<b>\$ 13,421,520</b>	<b>4,387,404</b>	<b>-</b>	<b>1,888,370</b>	<b>19,697,294</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 680,720	312,496	-	17,004	1,010,220
Salaries and benefits payable	3,063,259	-	-	-	3,063,259
Due to other funds	-	515,734	-	30,877	546,611
Total liabilities	3,743,979	828,230	-	47,881	4,620,090
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	8,091,687	603,137	-	535,000	9,229,824
Income surtax	126,909	-	-	-	126,909
Total deferred inflows of resources	8,218,596	603,137	-	535,000	9,356,733
Fund balances:					
Restricted for:					
Categorical funding	337,852	-	-	-	337,852
Debt service	-	524,000	-	-	524,000
Management levy purposes	-	-	-	1,029,645	1,029,645
Student activities	-	-	-	275,844	275,844
School infrastructure	-	2,133,932	-	-	2,133,932
Physical plant and equipment	-	298,105	-	-	298,105
Unassigned	1,121,093	-	-	-	1,121,093
Total fund balances	1,458,945	2,956,037	-	1,305,489	5,720,471
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 13,421,520</b>	<b>4,387,404</b>	<b>-</b>	<b>1,888,370</b>	<b>19,697,294</b>

See notes to financial statements.

## Exhibit D

**Oskaloosa Community School District**  
**Reconciliation of the Balance Sheet**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2015**

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**Total fund balances of governmental funds (Exhibit C)** **\$ 5,720,471**

***Amounts reported for governmental activities in the  
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

Land	\$ 64,566	
Buildings	44,191,416	
Improvements	3,345,603	
Vehicles, furniture and equipment	6,560,199	
Accumulated depreciation	<u>(27,485,769)</u>	26,676,015

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	1,783,429	
Deferred inflows of resources	<u>(3,184,754)</u>	(1,401,325)

Long-term liabilities, including bonds payable, unamortized bond premiums, lease obligations, special termination benefits, accrued interest, compensated absences, net pension liability, and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Sales tax revenue bonds	(1,420,000)	
Bond premiums, net of accumulated amortization	(7,322)	
Accrued interest payable	(15,513)	
Obligations under capital lease	(18,082)	
Special termination benefits	(79,524)	
Compensated absences	(43,603)	
Net pension liability	(8,350,800)	
Other postemployment benefits	<u>(355,179)</u>	(10,290,023)

**Net position of governmental activities (Exhibit A)** **\$ 20,705,138**

See notes to financial statements.

## Exhibit E

**Oskaloosa Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2015**

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 7,702,388	605,379	-	912,003	9,219,770
Tuition	419,226	-	-	-	419,226
Other	510,246	6,074	-	547,788	1,064,108
Intermediate sources	-	1,019,120	-	-	1,019,120
State sources	15,043,638	1,402,071	-	451	16,446,160
Federal sources	1,124,484	-	-	-	1,124,484
Total revenues	24,799,982	3,032,644	-	1,460,242	29,292,868
Expenditures:					
Current:					
Instruction:					
Regular	10,290,603	205,705	-	201,377	10,697,685
Special	3,652,145	-	-	-	3,652,145
Other	2,715,400	-	-	546,427	3,261,827
	16,658,148	205,705	-	747,804	17,611,657
Support services:					
Student	1,061,700	-	-	6,593	1,068,293
Instructional staff	1,012,337	52,692	-	4,843	1,069,872
Administration	2,178,585	42,908	-	22,103	2,243,596
Operation and maintenance of plant	2,202,965	40,848	-	342,810	2,586,623
Transportation	990,810	256,226	-	35,482	1,282,518
	7,446,397	392,674	-	411,831	8,250,902
Non-instructional programs	1,361	-	-	3,644	5,005
Other expenditures:					
Facilities acquisition	-	783,129	-	-	783,129
Long-term debt:					
Principal	-	-	1,309,003	-	1,309,003
Interest and fiscal charges	-	-	51,918	1,203	53,121
AEA flowthrough	1,004,885	-	-	-	1,004,885
	1,004,885	783,129	1,360,921	1,203	3,150,138
Total expenditures	25,110,791	1,381,508	1,360,921	1,164,482	29,017,702
Excess (deficiency) of revenues over (under) expenditures	(310,809)	1,651,136	(1,360,921)	295,760	275,166
Other financing sources (uses):					
Sale of equipment and real property	218,270	27,617	-	-	245,887
Operating transfers in	-	-	1,360,921	-	1,360,921
Operating transfers out	-	(1,360,921)	-	-	(1,360,921)
Total other financing sources (uses)	218,270	(1,333,304)	1,360,921	-	245,887
Change in fund balances	(92,539)	317,832	-	295,760	521,053
Fund balances beginning of year	1,551,484	2,638,205	-	1,009,729	5,199,418
Fund balances end of year	\$ 1,458,945	2,956,037	-	1,305,489	5,720,471

See notes to financial statements.

Exhibit F

**Oskaloosa Community School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2015**

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**Net change in fund balances - total governmental funds (Exhibit E)** **\$ 521,053**

***Amounts reported for governmental activities in the statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 897,562	
Depreciation expense	(1,413,623)	
Loss on disposal of assets	<u>(7,650)</u>	(523,711)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bond principal repaid	1,025,000	
Amortization of bond premium	4,625	
Capital lease payments	<u>293,303</u>	1,322,928

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

13,795

The current year District employer share of IPERS contribution are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

1,249,101

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	93,271	
Compensated absences	3,406	
Pension expense	(642,572)	
Other postemployment benefits	<u>(33,750)</u>	(579,645)

**Change in Net Position of governmental activities (Exhibit B)** **\$ 2,003,521**

See notes to financial statements.

## Exhibit G

**Oskaloosa Community School District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Non-major Enterprise
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable	139
Inventories	18,884
Capital assets, net of accumulated depreciation	122,880
<b>Total assets</b>	<b>141,903</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	43,181
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	3,840
Excess warrants issued over bank balance	54,162
Salaries and benefits payable	91,187
Due to other funds	142,636
Total current liabilities	<b>291,825</b>
Non-current liabilities:	
Net pension liability	202,193
Net OPEB liability	31,572
Total non-current liabilities	<b>233,765</b>
<b>Total liabilities</b>	<b>525,590</b>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	77,111
<b>Net Position</b>	
Net investment in capital assets	122,880
Unrestricted	(540,497)
<b>Total net position</b>	<b>\$ (417,617)</b>

See notes to financial statements.



## Exhibit H

**Oskaloosa Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 597,961
Operating expenses:	
Instructional programs:	
Regular	144,287
Support services:	
Operation and maintenance of plant	1,500
	145,787
Non-instructional programs:	
Food service operations:	
Salaries	350,773
Benefits	140,822
Purchased services	658
Supplies	759,306
Depreciation	23,237
	1,274,796
Total operating expenses	1,420,583
Operating loss	(822,622)
Non-operating revenue:	
Interest income	47
Contributions	5,212
State sources	9,890
Federal sources	731,493
Total non-operating revenue	746,642
Change in net position	(75,980)
Net position beginning of year, as restated	(341,637)
Net position end of year	\$ (417,617)

See notes to financial statements.

**Oskaloosa Community School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 435,082
Cash received from miscellaneous operating activities	162,809
Cash payments to employees for services	(485,966)
Cash payments to suppliers for goods or services	(814,777)
Net cash used by operating activities	<u>(702,852)</u>
Cash flows from non-capital financing activities:	
State grants received	9,890
Federal grants received	636,306
Contributions	5,212
Interfund loan	(30,789)
Net cash provided by non-capital financing activities	<u>620,619</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(19,409)</u>
Cash flows from investing activities:	
Interest on investments	47
Net cash provided by investing activities	<u>47</u>
Net decrease in cash and cash equivalents	(101,595)
Cash and cash equivalents at beginning of year	<u>47,433</u>
Cash and cash equivalents at end of year	<u><u>\$ (54,162)</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating (loss)	\$ (822,622)
Adjustments to reconcile operating (loss) to net cash used by operating activities:	
Commodities used	95,187
Depreciation	23,237
(Increase) in inventories	(6,319)
(Increase) in accounts receivable	(70)
Increase in accounts payable	2,106
Increase in salaries and benefits payable	17,313
(Decrease) in net pension liability	(78,406)
(Increase) in deferred outflows of resources	(13,390)
Increase in deferred inflows of resources	77,111
Increase in other post employment benefits payable	3,001
Net cash (used) by operating activities	<u><u>\$ (702,852)</u></u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	\$ (54,162)
Cash and cash equivalents at year end	<u><u>\$ (54,162)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2015, the District received \$95,187 of federal commodities.

See notes to financial statements.

Exhibit J

**Oskaloosa Community School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015**

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	Private Purpose Trust
	Athletic Endowment
<b>Assets</b>	
Cash and investments	\$ 1,856
<b>Total assets</b>	1,856
<b>Net position</b>	\$ 1,856

See notes to financial statements.

Exhibit K

**Oskaloosa Community School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year ended June 30, 2015**

	Private Purpose Trust
	Athletic Endowment
Additions:	
Local sources:	
Interest on investments	\$ 2
Deductions:	
Instruction:	
Regular	-
Change in net position	2
Net position beginning of year	1,854
Net position end of year	\$ 1,856

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Oskaloosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Oskaloosa, Iowa and the predominate agricultural territory in Mahaska county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oskaloosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Oskaloosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

**Governmental Fund Types:** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The District reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

**Proprietary Fund Types:** Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The District reports the following enterprise non-major proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Enterprise, Student Construction Fund is used to account for student construction projects.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through athletic endowments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
--------------------	--



Buildings	45 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consists of income surtax receivable and the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

*Restricted* - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

*Committed* - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

*Unassigned* – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the instruction, non-instructional, and other expenditures functional areas.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments as follows:

	Amortized Cost
Goldman Sachs Financial Square Treasury Obligations Fund	\$ 518,106
ISJIT Diversified Fund	524,022
United States Treasury Notes	70,776
Total	<u>\$ 1,112,904</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk: The investments in the Iowa Schools Joint Investment Trust and the Goldman Sachs Financial Square Treasury Obligations Fund were all rated Aaa by Moody's Investors Service. The investment in the United States Treasury Notes is not subject to credit risk rating.

(3) **Interfund Receivables/Payables**

The amounts of interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue, Activity	\$ 30,877
General	Capital Projects, Statewide Sales, Services and Use Tax	515,734
General	Enterprise, Student Construction	131,181
General	Enterprise, School Nutrition	11,455
		<u>\$ 689,247</u>

(4) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	\$ 1,337,916
Debt Service	Capital Projects, Physical Plant and Equipment Levy	23,005
		<u>\$ 1,360,921</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year (Restated)	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 64,566	-	-	64,566
Total capital assets not being depreciated	64,566	-	-	64,566
Capital assets being depreciated:				
Buildings	44,108,883	82,533	-	44,191,416
Improvements other than buildings	2,985,452	360,151	-	3,345,603
Furniture and equipment	6,985,711	454,878	880,390	6,560,199
Total capital assets being depreciated	54,080,046	897,562	880,390	54,097,218
Less accumulated depreciation for:				
Buildings	18,839,538	1,032,118	-	19,871,656
Improvements other than buildings	2,025,002	140,575	-	2,165,577
Furniture and equipment	6,080,346	240,930	872,740	5,448,536
Total accumulated depreciation	26,944,886	1,413,623	872,740	27,485,769
Total capital assets being depreciated, net	27,135,160	(516,061)	7,650	26,611,449
Governmental activities capital assets, net	\$ 27,199,726	(516,061)	7,650	26,676,015
<b>Business type activities:</b>				
Furniture and equipment	\$ 563,324	19,409	-	582,733
Less accumulated depreciation	436,616	23,237	-	459,853
Business type activities capital assets, net	\$ 126,708	(3,828)	-	122,880

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 107,464

Support services:

Administration 5,103

Operation and maintenance of plant 17,522

Transportation 158,202

288,291

Unallocated depreciation 1,125,332

Total governmental activities depreciation expense \$ 1,413,623

Business type activities:

Food services \$ 23,237

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 172,795	-	93,271	79,524	40,157
Lease purchase agreement	311,385	-	293,303	18,082	16,691
Compensated absences	47,009	43,603	47,009	43,603	43,603
Revenue bonds	2,445,000	-	1,025,000	1,420,000	1,060,000
Revenue bond premium	11,947	-	4,625	7,322	-
Net pension liability	11,589,070	-	3,238,270	8,350,800	-
Net OPEB liability	321,429	33,750	-	355,179	-
Total	\$ 14,898,635	77,353	4,701,478	10,274,510	1,160,451
Business type activities:					
Net pension liability	\$ 280,599	-	78,406	202,193	-
Net OPEB liability	28,571	3,001	-	31,572	-
Total	\$ 309,170	3,001	78,406	233,765	-

Revenue Bonds

Details of the District's June 30, 2015, statewide sales, services and use tax revenue bonded indebtedness are as follows:

Issue Dated September 1, 2002 Series 2002A-422B				Issue Dated September 1, 2002 Subordinate Series 2002B-422B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.375%	\$ 10,000	988	5.150	25,000	2,338
2017	4.500%	15,000	444	5.250	20,000	1,050
Subtotal		25,000	1,432		45,000	3,388
Issue Dated February 1, 2011 Series 2011						
Year ending June 30,	Interest Rates	Principal	Interest			
2016	2.000%	1,025,000	22,594			
2017	2.000%	325,000	5,234			
Subtotal		1,350,000	27,828			
Total						
Year Ending June 30,	Principal		Interest	Total		
2016	1,060,000		25,920	1,085,920		
2017	360,000		6,728	366,728		
	\$ 1,420,000		32,648	1,452,648		

#### Capital Lease

The District entered into various capital lease arrangements for the purchase of equipment for the District. The following is a schedule of the future minimum payments required under the leases together with their present value as of June 30, 2015:

Year Ending June 30,	Infomax Office Systems, Inc.	
	Capital Lease	
	2012	Total
2016	\$ 16,691	16,691
2017	1,391	1,391
Total minimum lease payments	18,082	18,082
Less amount representing interest	-	-
Present value of minimum lease payments	\$ 18,082	18,082

#### Early Retirement Payable

The District offered a voluntary early retirement plan for its certified employees, administrators, nurses and directors. Eligible employees must have been between ages fifty-five and sixty-five and employees must have completed twenty years of continuous service to the District or fifteen years with the District plus one half of the years of service with another District (to a maximum of five years) to meet the twenty year requirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a flat dollar lump sum payment based upon the years of service the employee had as of the retirement year. The early retiree will also be eligible for monthly insurance premium benefits up to a maximum \$150 per month. This benefit will be discontinued when the retirees have been retired for nine years, if the retiree becomes eligible for Medicare, or when the retiree reaches age 65, whichever occurs first. Early retirement benefits paid during the year ended June 30, 2015, totaled \$93,271.

### **(7) Pension Plan**

Pension Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first.. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$1,249,101.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$8,552,993 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.211337 percent, which was an increase of 0.001700 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$623,887. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,954	-
Changes of assumptions	377,463	-
Net difference between projected and actual earnings on pension plan investments	-	3,261,865
Changes in proportion and differences between District contributions and proportionate share of contributions	76,848	-
District contributions subsequent to the measurement date	1,249,101	-
Total	<u>\$ 1,796,366</u>	<u>3,261,865</u>

\$1,249,101 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2016	\$ (687,601)
2017	(687,601)
2018	(687,601)
2019	(687,601)
2020	35,804
	<u>\$ (2,714,600)</u>

There are no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher 8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 16,160,640	\$ 8,552,993	\$ 2,131,351

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

#### (8) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 228 active and 17 retired members in the plan. Participants must be age 55 or older at retirement.

Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 143,000
Interest on net OPEB obligation	15,750
Adjustment to annual required contribution	(10,999)
Annual OPEB cost	147,751
Contributions made	(111,000)
Increase in net OPEB obligation	36,751
Net OPEB obligation beginning of year	350,000
Net OPEB obligation end of year	\$ 386,751

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2015, the District contributed \$111,000.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015, are summarized as follows:



Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 157,000	81.53%	\$ 58,000
June 30, 2011	212,000	53.77%	156,000
June 30, 2012	212,032	73.10%	213,032
June 30, 2013	212,408	65.91%	285,440
June 30, 2014	145,000	55.48%	350,000
June 30, 2015	147,751	75.13%	386,751

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2015, the actuarial accrued liability was \$1,150,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,150,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$14,250,000, and the ratio of the UAAL to covered payroll was 8.1%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2013 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

Projected claim costs of the medical plan are \$798 per month for retirees who have attained the age of 60. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### (9) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### (10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,004,885 for the year ended June 30, 2015, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Financial Condition**

The Enterprise Fund-Student Construction had a deficit net position at June 30, 2015, of \$131,853. The Enterprise Fund - School Nutrition had a deficit net position at June 30, 2015, of \$285,764. In addition, the Special Revenue Fund-Activity Fund had several individual account deficit balances.

**(12) Commitment and Contingencies**

Parents of a student have filed a complaint against the District under the Individuals with Disabilities Education Act. The District has denied all allegations. Any potential judgment or settlement is not expected to exceed insurance coverage and it is the opinion of management in consultation with legal counsel that the final settlement of this matter will not result in a material adverse effect on the financial position of the District.

The District was also awarded damages in an arbitration hearing on another matter. The defendants have appealed and the District is now awaiting a decision from the Iowa Court of Appeals.

**(13) Accounting Change/Restatement**

The Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	\$ 29,060,271	(90,829)
Net pension liability at June 30, 2014	(11,589,070)	(280,599)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	1,230,416	29,791
Net position July 1, 2014, as restated:	<u>\$ 18,701,617</u>	<u>(341,637)</u>

### **Required Supplementary Information**

**Oskaloosa Community School District**  
**Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances**  
**Budget and Actual - All Governmental Funds and Proprietary Funds**  
**Required Supplementary Information**  
**Year ended June 30, 2015**

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 10,703,104	603,220	11,306,324	11,730,950	11,730,950	(424,626)
Intermediate sources	1,019,120	-	1,019,120	-	-	1,019,120
State sources	16,446,160	9,890	16,456,050	16,798,374	16,798,374	(342,324)
Federal sources	1,124,484	731,493	1,855,977	1,658,938	1,658,938	197,039
Total revenues	29,292,868	1,344,603	30,637,471	30,188,262	30,188,262	449,209
Expenditures:						
Instruction	17,611,657	144,287	17,755,944	16,725,167	17,369,558	(386,386)
Support services	8,250,902	1,500	8,252,402	8,569,235	8,569,235	316,833
Non-instructional programs	5,005	1,274,796	1,279,801	1,228,956	1,228,956	(50,845)
Other expenditures	3,150,138	-	3,150,138	2,596,635	2,596,635	(553,503)
Total expenditures	29,017,702	1,420,583	30,438,285	29,119,993	29,764,384	(673,901)
Excess (deficiency) of revenues over (under) expenditures	275,166	(75,980)	199,186	1,068,269	423,878	(224,692)
Other financing sources, net	245,887	-	245,887	2,500	2,500	243,387
Excess (deficiency) of revenues and other financing sources over (under) expenditures	521,053	(75,980)	445,073	1,070,769	426,378	18,695
Balances beginning of year, as restated	5,199,418	(341,637)	4,857,781	4,790,513	4,790,513	67,268
Balances end of year	\$ 5,720,471	(417,617)	5,302,854	5,861,282	5,216,891	85,963

See accompanying independent auditor's report.

**Oskaloosa Community School District**  
**Notes to Required Supplementary Information - Budgetary Reporting**  
**Year Ended June 30, 2015**

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This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$644,391.

During the year ended June 30, 2015, expenditures in the instruction, non-instructional and other expenditures functions exceeded the amounts budgeted. The District did not exceed its General Fund unspent authorized budget.

**Oskaloosa Community School District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Iowa Public Employee's Retirement System**  
**Last Fiscal Year\* (In Thousands)**  
**Required Supplementary Information**

	2015
District's proportion of the net pension liability	0.211337%
District's proportion of the net pension pension liability	\$ 8,553
District's covered-employee payroll	\$ 14,082
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.74%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\*The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Oskaloosa Community School District**  
**Schedule of District Contributions**  
**Iowa Public Employees' Retirement System**  
**Last 10 Fiscal Years (In Thousands)**  
**Required Supplementary Information**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 1,249	1,261	1,176	1,080	922	884	863	793	700	657
Contributions in relation to the statutorily required contribution	(1,249)	(1,261)	(1,176)	(1,080)	(922)	(884)	(863)	(793)	(700)	(657)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 14,252	14,082	13,516	13,409	12,722	13,397	13,688	13,199	12,301	11,500
Contributions as a percentage of covered-employee payroll	8.76%	8.95%	8.70%	8.05%	7.25%	6.60%	6.30%	6.01%	5.69%	5.71%

See accompanying independent auditor's report.

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implements the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.



**Oskaloosa Community School District**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**Required Supplementary Information**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	1,461,000	1,461,000	0.0%	\$ 13,791,666	10.6%
2010	July 1, 2008	-	1,461,000	1,461,000	0.0%	13,397,116	10.9%
2011	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,496,428	11.6%
2012	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,565,992	11.5%
2013	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,750,842	11.4%
2014	July 1, 2013	-	1,150,000	1,150,000	0.0%	14,000,000	8.2%
2015	July 1, 2013	-	1,150,000	1,150,000	0.0%	14,250,000	8.1%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

## **Supplementary Information**

## Schedule 1

**Oskaloosa Community School District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2015**

		Special Revenue		
		Management Levy	Student Activity	Total
<b>Assets</b>				
Cash and pooled investments		\$ 1,022,419	323,725	1,346,144
Receivables:				
Property tax:				
Delinquent		7,226	-	7,226
Succeeding year		535,000	-	535,000
<b>Total assets</b>		<b>\$ 1,564,645</b>	<b>323,725</b>	<b>1,888,370</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable		\$ -	17,004	17,004
Due to other funds		-	30,877	30,877
Total liabilities		-	47,881	47,881
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		535,000	-	535,000
Total deferred inflows of resources		535,000	-	535,000
Fund balances:				
Restricted for:				
Management levy purposes		1,029,645	-	1,029,645
Student activities		-	275,844	275,844
Total fund balances		1,029,645	275,844	1,305,489
<b>Total liabilities, deferred inflows of resources and fund balances</b>		<b>\$ 1,564,645</b>	<b>323,725</b>	<b>1,888,370</b>

See accompanying independent auditor's report.

## Schedule 2

**Oskaloosa Community School District****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****Year ended June 30, 2015**

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 912,003	-	912,003
Other	19,405	528,383	547,788
State sources	451	-	451
Total revenues	931,859	528,383	1,460,242
Expenditures:			
Current:			
Instruction:			
Regular	201,377	-	201,377
Other	-	546,427	546,427
Support services:			
Student	6,593	-	6,593
Instructional staff	4,843	-	4,843
Administration	22,103	-	22,103
Operation and maintenance of plant	342,810	-	342,810
Transportation	35,482	-	35,482
Non-instructional programs	3,644	-	3,644
Other expenditures:			
Interest and fiscal charges	1,203	-	1,203
Total expenditures	618,055	546,427	1,164,482
Excess (deficiency) of revenues over (under) expenditures	313,804	(18,044)	295,760
Fund balance beginning of year	715,841	293,888	1,009,729
Fund balance end of year	\$ 1,029,645	275,844	1,305,489

See accompanying independent auditor's report.

## Schedule 3

**Oskaloosa Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2015**

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Fund Balance-Reg Not Spent	\$ 1,214	-	-	(1,214)	-
Senior High Drama	6,189	6,424	4,715	-	7,898
Debate	1,423	6,269	7,168	-	524
Senior High Vocal Spec Events	1,580	887	2,593	250	124
Instrumental	(6,159)	7,690	11,045	-	(9,514)
Senior High Band Spec Events	1,500	-	-	-	1,500
Special Girls Track	528	5,064	4,687	-	905
Senior High Cross Country	6,900	1,786	4,329	1,995	6,352
Special Cross Country	(1,741)	792	-	2,005	1,056
Special Swimming	-	700	468	-	232
Bowling	2,291	1,693	1,486	-	2,498
Special Bowling	256	238	-	-	494
Dance and Drill	4,201	15,864	18,746	700	2,019
Boys Basketball	11,122	20,662	26,646	(2,000)	3,138
Football	18,437	43,201	37,920	(12,250)	11,468
Boys Soccer	2,334	3,486	4,177	2,100	3,743
Special Boys Soccer	2,230	-	27	-	2,203
Baseball	6,155	13,006	18,690	7,459	7,930
Boys Track	3,803	2,969	3,400	2,100	5,472
Boys Tennis	2,628	87	690	-	2,025
Special Boys Tennis	66	-	-	-	66
Boys Golf	386	2,272	1,404	1,100	2,354
Special Boys Golf	831	885	1,620	-	96
Wrestling	5,212	5,199	7,085	7,000	10,326
Girls Basketball	5,131	8,577	8,458	-	5,250
Girls Volleyball	7,952	7,946	8,005	-	7,893
Girls Soccer	3,142	3,618	3,418	1,200	4,542
Special Girls Soccer	3,859	100	100	-	3,859
Girls Softball	8,969	22,118	20,476	-	10,611
Girls Track	6,588	2,130	2,720	-	5,998
Girls Tennis	922	40	437	1,500	2,025
Special Girls Tennis	1,411	1,785	1,744	-	1,452
Girls Golf	576	1,440	1,252	-	764
Special Girls Golf	963	-	22	-	941
Strength/Conditioning	1,833	-	934	-	899
Senior High Annual	(2,911)	10,809	8,853	-	(955)
Junior High Activity Tickets	415	-	170	-	245
Senior High Thespians	630	2,248	2,102	1,000	1,776
Senior High Pep Club	6,579	14,159	15,355	-	5,383
Special Football	8,831	5,143	6,380	-	7,594
Senior High Student Council	3,003	26,446	27,255	-	2,194
Senior High Business Ed Part	12	-	-	-	12
Senior High Special Baseball	6,783	15,801	13,358	(4,459)	4,767
Oskaloosa Football Camp	3,363	1,119	3,014	-	1,468
Senior High Special Wrestling	8,864	2,304	2,357	-	8,811
Pepsi Rebate	4,520	-	-	-	4,520
Middle School Orchestra	889	1,023	1,364	-	548

## Schedule 3

**Oskaloosa Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2015**

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Senior High Athletics	3,679	17,256	15,555	-	5,380
Senior High Band Repair Spec Events	(2,804)	-	485	-	(3,289)
Senior High Orchestra Repair	(707)	4,328	11,890	-	(8,269)
Senior High FFA	22,943	24,905	26,757	-	21,091
Senior High Forensics	596	-	-	-	596
Joe Gray Penmanship Award	341	-	-	-	341
Senior High The O	577	-	-	-	577
Senior High O Club	10,369	22,957	13,405	(12,000)	7,921
Sophomore Class	2,437	-	50	-	2,387
Junior Class	2,806	-	-	-	2,806
Senior Class	1,739	-	46	-	1,693
Storybook Players	4,545	1,735	1,431	-	4,849
Senior High World of Work	(617)	-	-	-	(617)
Senior High Project Write	1,124	-	-	-	1,124
Senior High Special Track	3,425	2,203	2,128	-	3,500
Senior High Work Program	13	-	-	-	13
Business M.O.C.	(914)	-	-	-	(914)
Senior High Spec Girls Basketball	1,038	4,255	3,934	-	1,359
Special Softball	8,928	9,484	8,824	-	9,588
Senior High Volleyball Camp	8,368	9,582	7,706	-	10,244
Senior High Choir Robes	133	-	100	-	33
Middle School Spec Activity Fund Raiser	13,371	16,389	14,638	(627)	14,495
Biology Lab	(165)	-	-	-	(165)
Chemistry Lab	(518)	-	-	-	(518)
S H Welding	(3,300)	-	-	-	(3,300)
Biology Field Trips	24	-	-	-	24
Special Events Change	(688)	1,550	1,250	-	(388)
Interest	9,553	656	5,165	1,214	6,258
Elementary Band	(774)	378	935	-	(1,331)
Middle School Science	(4,025)	-	855	-	(4,880)
Middle School Band Special Event	(5,988)	1,019	2,476	-	(7,445)
Middle School Band Uniforms	1,937	-	96	-	1,841
Middle School Annual	3,163	2,400	-	-	5,563
Senior High Activity Tickets	655	3,250	160	-	3,745
Senior High General Admin	(2,308)	13,720	19,244	-	(7,832)
Middle School Athletics	(11,208)	14,963	12,686	-	(8,931)
Middle School Student Council	10,688	7,212	7,348	-	10,552
Middle School Pep Club	2,551	-	-	-	2,551
Middle School Vocal Special Events	2,148	410	-	-	2,558
Middle School Orchestra Special Events	299	1,867	2,003	-	163
Middle School Special Events Band Repair	110	-	2,456	-	(2,346)
Senior High Home Fees	(423)	10	-	-	(413)
Athletic Admin Senior High	5,552	-	1,447	-	4,105
Athletic Pop Fund	5,011	325	2,869	-	2,467
Senior High Snack Machines	6,740	1,872	3,100	-	5,512
Senior High Pop Fund	3,480	5,711	8,156	-	1,035
Industrial Tech Module	87	-	-	-	87
Band Special Fund Raiser	506	-	-	-	506
Student Council Sign	184	8,663	-	-	8,847

## Schedule 3

**Oskaloosa Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**  
**Year ended June 30, 2015**

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Middle School Peer Helpers	1,282	3,248	3,625	-	905
FFA Vending	1,525	-	-	-	1,525
Freshman Class	2,412	-	-	-	2,412
One-Act Plays	-	660	-	-	660
Motivation Comm	288	-	-	-	288
Basketball Cheer	455	123	297	1,000	1,281
Robot Club	3,633	16,502	15,778	-	4,357
Wrestling Cheer	185	965	1,138	1,300	1,312
Book Club	297	-	-	-	297
Art Club	901	-	-	-	901
Middle School Drama	4,919	1,173	1,044	-	5,048
MS Special Wrestling FB	898	-	-	-	898
Elementary	20,083	27,642	25,667	-	22,058
Math Scholarship	105	-	-	-	105
Middle School Life Skills MD Special Olympics	929	-	-	-	929
HS Life Skills	61	-	-	-	61
Life Skills MD Secondary	240	-	-	-	240
Elementary Yearbooks	2,730	3,700	6,430	-	-
MS Special Supplies	902	-	100	-	802
MS Student Wellness	800	3,155	2,487	627	2,095
Middle School General Admin	(1,536)	5,669	4,609	-	(476)
Middle School At Risk Fund Raiser	(249)	3,655	2,634	-	772
Senior High Special Education	(1,079)	-	-	-	(1,079)
Dropout Prevention/Oasis Fund	125	-	-	-	125
China	-	16,888	11,905	-	4,983
Swimming	(4,017)	1,923	8,788	-	(10,882)
Academic Decathlon	(207)	-	-	-	(207)
MS Orchestra Special Trips	(185)	-	60	-	(245)
	<u>\$ 293,888</u>	<u>528,383</u>	<u>546,427</u>	<u>-</u>	<u>275,844</u>

See accompanying independent auditor's report.

## Schedule 4

**Oskaloosa Community School District**  
**Combining Balance Sheet**  
**Capital Project Accounts**  
**June 30, 2015**

		Capital Projects		
		Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Cash and pooled investments		\$ 3,004,479	293,313	3,297,792
Receivables:				
Property tax:				
Current year delinquent		-	4,792	4,792
Succeeding year		-	603,137	603,137
Due from other governments		481,683	-	481,683
<b>Total assets</b>		<b>\$ 3,486,162</b>	<b>901,242</b>	<b>4,387,404</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable		\$ 312,496	-	312,496
Due to other funds		515,734	-	515,734
Total liabilities		828,230	-	828,230
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		-	603,137	603,137
Total deferred inflows of resources		-	603,137	603,137
Fund balances:				
Restricted for:				
Debt service		524,000	-	524,000
School infrastructure		2,133,932	-	2,133,932
Physical plant and equipment		-	298,105	298,105
Total fund balances		2,657,932	298,105	2,956,037
<b>Total liabilities, deferred inflows of resources and fund balances</b>		<b>\$ 3,486,162</b>	<b>901,242</b>	<b>4,387,404</b>

See accompanying independent auditor's report.



## Schedule 5

**Oskaloosa Community School District**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Project Accounts**  
**Year ended June 30, 2015**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	605,379	605,379
Other	6,074	-	6,074
Intermediate sources	1,019,120	-	1,019,120
State sources	1,401,771	300	1,402,071
Total revenues	2,426,965	605,679	3,032,644
Expenditures:			
Instruction	195,506	10,199	205,705
Support services:			
Instructional staff	44,303	8,389	52,692
Administration	1,500	41,408	42,908
Operation and maintenance of plant	25,828	15,020	40,848
Transportation	1,221	255,005	256,226
Other expenditures:			
Facilities acquisition	733,366	49,763	783,129
Total expenditures	1,001,724	379,784	1,381,508
Excess (deficiency) of revenues over (under) expenditures	1,425,241	225,895	1,651,136
Other financing (uses):			
Sale of equipment	-	27,617	27,617
Operating transfers out	(1,337,916)	(23,005)	(1,360,921)
Total other financing (uses)	(1,337,916)	4,612	(1,333,304)
Change in fund balances	87,325	230,507	317,832
Fund balances beginning of year	2,570,607	67,598	2,638,205
Fund balances end of year	\$ 2,657,932	298,105	2,956,037

See accompanying independent auditor's report.

**Oskaloosa Community School District**  
**Combining Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Student Construction	School Nutrition	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	-	-
Accounts receivable	-	139	139
Inventories	2,600	16,284	18,884
Capital assets, net of depreciation	-	122,880	122,880
<b>Total assets</b>	<b>\$ 2,600</b>	<b>139,303</b>	<b>141,903</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	-	43,181	43,181
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 3,272	568	3,840
Excess warrants issued over bank balance	-	54,162	54,162
Salaries and benefits payable	-	91,187	91,187
Due to other funds	131,181	11,455	142,636
Total current liabilities	134,453	157,372	291,825
Noncurrent liabilities:			
Net pension liability	-	202,193	202,193
Net OPEB liability	-	31,572	31,572
Total noncurrent liabilities	-	233,765	233,765
<b>Total liabilities</b>	<b>134,453</b>	<b>391,137</b>	<b>525,590</b>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	-	77,111	77,111
<b>Net Position</b>			
Net investment in capital assets	-	122,880	122,880
Unrestricted	(131,853)	(408,644)	(540,497)
<b>Total Net Position</b>	<b>\$ (131,853)</b>	<b>(285,764)</b>	<b>(417,617)</b>

See accompanying independent auditor's report.

## Schedule 7

**Oskaloosa Community School District**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Student Construction	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	435,152	435,152
Sale of services	162,809	-	162,809
Total operating revenue	162,809	435,152	597,961
Operating expenses:			
Instructional programs:			
Regular	144,287	-	144,287
Support services:			
Operation and maintenance of plant	1,500	-	1,500
	145,787	-	145,787
Non-instructional programs:			
Food services operations:			
Salaries	-	350,773	350,773
Benefits	-	140,822	140,822
Purchased services	-	658	658
Supplies	-	759,306	759,306
Depreciation	-	23,237	23,237
	-	1,274,796	1,274,796
Total operating expenses	145,787	1,274,796	1,420,583
Operating gain (loss)	17,022	(839,644)	(822,622)
Non-operating revenue:			
Interest income	-	47	47
Contributions	-	5,212	5,212
State sources	-	9,890	9,890
Federal sources	-	731,493	731,493
Total non-operating revenue	-	746,642	746,642
Changes in net position	17,022	(93,002)	(75,980)
Net position beginning of year, as restated	(148,875)	(192,762)	(341,637)
Net position end of year	\$ (131,853)	(285,764)	(417,617)

See accompanying independent auditor's report.

## Schedule 8

**Oskaloosa Community School District**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2015**

	Student Construction	School Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	435,082	435,082
Cash received from miscellaneous operating activities	162,809	-	162,809
Cash payments to employees for services	-	(485,966)	(485,966)
Cash payments to suppliers for goods or services	(144,149)	(670,628)	(814,777)
Net cash provided (used) by operating activities	18,660	(721,512)	(702,852)
Cash flows from non-capital financing activities:			
State grants received	-	9,890	9,890
Federal grants received	-	636,306	636,306
Contributions	-	5,212	5,212
Interfund loan	(18,660)	(12,129)	(30,789)
Net cash provided (used) by non-capital financing activities	(18,660)	639,279	620,619
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(19,409)	(19,409)
Cash flows from investing activities:			
Interest on investments	-	47	47
Net cash provided (used) by investing activities	-	47	47
Net increase (decrease) in cash and cash equivalents	-	(101,595)	(101,595)
Cash and cash equivalents at beginning of year	-	47,433	47,433
Cash and cash equivalents at end of year	\$ -	(54,162)	(54,162)
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:			
Operating gain (loss)	\$ 17,022	(839,644)	(822,622)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:			
Commodities used	-	95,187	95,187
Depreciation	-	23,237	23,237
(Increase) Decrease in inventory	100	(6,419)	(6,319)
(Increase) in accounts receivable	-	(70)	(70)
Increase (Decrease) in accounts payable	1,538	568	2,106
Increase in salaries and benefits payable	-	17,313	17,313
(Decrease) in net pension liability	-	(78,406)	(78,406)
(Increase) in deferred outflows of resources	-	(13,390)	(13,390)
Increase in deferred inflows of resources	-	77,111	77,111
Increase in other post-employment benefits	-	3,001	3,001
Net cash provided (used) by operating activities	\$ 18,660	(721,512)	(702,852)

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2015, the District received \$95,187 of federal commodities.

See accompanying independent auditor's report.

**Oskaloosa Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Ten Years**

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 9,219,770	9,080,690	11,232,749	11,424,163	12,178,226	11,257,608	10,853,152	10,473,002	9,717,780	10,112,437
Tuition	419,226	499,988	403,849	411,532	455,341	367,093	464,849	430,670	370,602	299,511
Other	1,064,108	1,100,421	988,553	1,149,205	1,318,305	991,521	1,281,207	1,333,958	1,333,909	1,748,735
Intermediate sources	1,019,120	780,109	-	-	-	-	-	-	-	-
State sources	16,446,160	15,668,957	13,918,723	13,974,218	13,419,220	11,402,099	12,724,222	12,570,040	11,330,164	10,877,949
Federal sources	1,124,484	1,011,354	955,682	1,278,475	1,520,040	2,167,416	923,057	676,239	721,238	828,890
Total	\$ 29,292,868	28,141,519	27,499,556	28,237,593	28,891,132	26,185,737	26,246,487	25,483,909	23,473,693	23,867,522
Expenditures:										
Instruction:										
Regular	\$ 10,697,685	10,327,186	9,312,713	11,401,282	10,961,840	8,903,708	11,152,143	10,384,722	9,868,246	8,628,916
Special	3,652,145	3,184,371	3,260,109	3,275,577	3,563,746	2,997,637	3,406,674	3,388,218	3,020,880	2,563,071
Other	3,261,827	3,313,926	3,164,858	2,267,344	959,376	3,068,217	940,267	940,488	1,124,062	2,042,558
Support services:										
Student	1,068,293	888,208	893,712	845,203	994,417	968,129	724,780	1,066,298	1,054,735	1,057,412
Instructional staff	1,069,872	981,945	1,164,817	1,017,821	910,597	708,946	638,459	1,665,423	709,316	705,920
Administration	2,243,596	2,252,184	2,083,234	2,218,080	2,151,082	2,322,729	1,920,698	2,045,547	1,884,408	1,928,898
Operation and maintenance of plant	2,586,623	2,548,771	2,687,480	2,660,588	2,656,109	2,359,739	2,315,972	2,390,151	2,357,837	2,398,119
Transportation	1,282,518	1,264,188	1,154,055	1,062,812	1,101,265	1,222,923	1,108,991	862,566	866,161	873,562
Non-instructional programs	5,005	-	1,600	-	-	-	-	-	-	-
Other expenditures:										
Facilities acquisition	783,129	488,526	420,558	197,786	318,681	227,063	320,261	365,915	183,391	1,371,806
Long-term debt:										
Principal	1,309,003	1,719,638	1,631,068	2,784,182	8,974,842	4,920,000	3,955,112	5,295,000	1,795,000	1,615,000
Interest and other charges	53,121	91,517	130,038	170,783	433,766	522,988	741,553	775,626	795,514	925,121
AEA flowthrough	1,004,885	943,672	907,800	893,027	984,199	954,301	857,815	808,080	751,761	709,649
Total	\$ 29,017,702	28,004,132	26,812,042	28,794,485	34,009,920	29,176,380	28,082,725	29,988,034	24,411,311	24,820,032

See accompanying independent auditor's report.

## Schedule 10

**Oskaloosa Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2015**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 15	\$ 106,729
National School Lunch Program	10.555	FY 15	624,764
			<u>731,493</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 15	<u>512,357</u>
Special Education - Grants to States	84.027	FY 15	<u>271</u>
Career and Technical Education - Basic Grants to States	84.048	FY 15	<u>34,701</u>
Twenty-first Century Community Learning Centers	84.287	FY 15	<u>75,600</u>
Advanced Placement Program	84.330	FY 15	<u>233</u>
Improving Teacher Quality State Grants	84.367	FY 15	<u>97,408</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>11,830</u>
Area Education Agency (GPAEA):			
Special Education - Grants to States	84.027	FY 15	<u>124,475</u>
Total			<u>\$ 1,588,368</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Oskaloosa Community School District for the year ended June 30, 2015. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Significant Accounting Policies**

For governmental funds, in accordance with the modified accrual basis of accounting, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, in accordance with the accrued basis of accounting, revenues from federal grants are recognized in the period they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

**Note 3. Noncash Assistance**

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$95,187 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.

**OSKALOOSA COMMUNITY SCHOOL DISTRICT**





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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Education of  
Oskaloosa Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oskaloosa Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oskaloosa Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oskaloosa Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oskaloosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Oskaloosa School District's Responses to the Findings

Oskaloosa Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Oskaloosa Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oskaloosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

December 23, 2015



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**Van Maanen, Sietstra, Meyer & Nikkel, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Independent Auditor's Report on Compliance for Each Major Federal Program and  
on Internal Control over Compliance Required by OMB Circular A-133**

To the Board of Education of Oskaloosa Community School District:

Report on Compliance for Each Major Federal Program

We have audited Oskaloosa Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Oskaloosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oskaloosa Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oskaloosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Oskaloosa Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Oskaloosa Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

The management of Oskaloosa Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oskaloosa Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Van Maanen, Sietstra, Meyer & Nikkel PC*

Van Maanen, Sietstra, Meyer & Nikkel, PC  
Certified Public Accountants

December 23, 2015

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Oskaloosa Community School District qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**Part IV: Other Findings Related to Statutory Reporting:**

- IV-A-15 Certified Budget – Expenditures for the year ended June 30, 2015, exceeded the amended certified budget amount in the instruction, non-instructional, and other expenditures functional areas.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded
- Conclusion - Response accepted.
- IV-B-15 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-15 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-15 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-15 Certified Enrollment – Variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- Recommendation - The certified enrollment data should be corrected.
- Response - The Iowa Department of Education and the Iowa Department of Management will be notified of the error.
- Conclusion - Response accepted.
- IV-H-15 Supplementary Weighting – Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- Recommendation - The supplementary weighting data should be corrected.
- Response - The Iowa Department of Education and the Iowa Department of Management will be notified of the error.
- Conclusion - Response accepted.
- IV-I-15 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-15 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-15 Deficit Balances - The Enterprise Fund-Student Construction and Enterprise Fund - School Nutrition had deficit balances as of June 30, 2015. The Special Revenue Fund-Student Activity had several individual account deficit balances as of June 30, 2015.
- Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.
- Response - We are monitoring these situations. We are currently analyzing alternatives to reverse these deficit balances. We must also note that the overall fund balance in the Student Activity Fund is positive.

**Oskaloosa Community School District**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

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Conclusion - Response accepted.

- IV-L-15 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-M-15 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 2,570,607
Revenues/transfers in:		
Sales tax revenues	\$ 1,401,771	
Other local revenues	6,074	
Intermediate source revenues	1,019,120	2,426,965
		<u>4,997,572</u>
Expenditures/transfers out:		
Instruction	195,506	
Support services	72,852	
Facilities acquisition	733,666	
Transfers to other funds:		
Debt service funds	1,337,916	2,339,940
		<u>2,339,940</u>
Ending balance		<u>\$ 2,657,632</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.